

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE)
CORPORATION OF KENTUCKY FOR AN) CASE NO. 2013-00237
ADJUSTMENT OF RATES)

REVISED NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The revised digital video recording of the evidentiary hearing conducted on April 9, 2014 in this proceeding, replacing the original recording filed in the record on May 5, 2014. The revision was made to delete conversations recorded during an off-the-record break when the recording equipment was inadvertently left on;
- Revised certification of the accuracy and correctness of the digital video recording;
- A revised written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on April 9, 2014.

A copy of this Revised Notice, the revised certification of the digital video record, revised hearing log, and revised exhibit list have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: http://psc.ky.gov/av_broadcast/2013-00237/2013-00237_09Apr14_Inter.aspx. Parties

wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 13th day of May 2014.

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

Charles D Cole
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

Gregory T Dutton
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Jennifer Black Hans
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Sue Ellen Morris
Hickman County Courthouse
110 East Clay Street, Suite D
Clinton, KENTUCKY 42031

Mary Myers
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

Leanna Wilkerson
300 5th Street
Fulton, KENTUCKY 42041

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE CORPORATION) CASE NO. 2013-00237
OF KENTUCKY FOR AN ADJUSTMENT OF RATES)

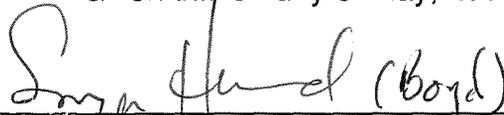
CERTIFICATE

We, Sonya Harward and Melinda Ernst, hereby certify that:

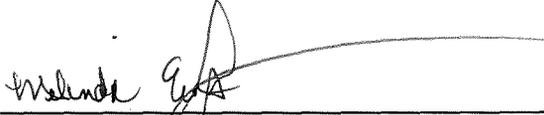
1. The attached DVD contains a revised digital recording replacing the original recording of the Hearing conducted in the above-styled proceeding on April 9, 2014 (excluding confidential segments, which were recorded on a separate DVD and will be maintained in the non-public records of the Commission, along with the Confidential Exhibits and Hearing Log). The revised digital recording deleted a segment containing general conversation during a break in the Hearing. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on April 9, 2014 (excluding confidential segments and Confidential Exhibits).
2. We are responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of April 9, 2014 (excluding confidential segments).
4. A revised Exhibit List has been attached. AG - Exhibit 09 now references the "Response to the Attorney General's Initial Request for Information, Item 24, Case No. 2013-00237." The Exhibit List attached to this Certificate correctly lists all Exhibits introduced at the Hearing of April 9, 2014 (excluding Confidential Exhibits).

5. The Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Hearing of April 9, 2014 (excluding confidential segments) and the time at which each occurred.

Given this 9th day of May, 2014.



Sonya Harward (Boyd), Notary Public
State at Large
My commission expires: August 27, 2017



Melinda Ernst, Notary Public
State at Large
My commission expires: February 4, 2016



Date:	Type:	Location:	Department:
4/9/2014	General Rates	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Linda Breathitt; Jim Gardner
 Witness: Patrick Baryenbruch - for Water Service Corp. of Kentucky; Bruce Haas - for Water Service Corp. of Kentucky; Andrea Crane - for the Attorney General; Steven Lubertozi - for Water Service Corp. of Kentucky; Helen Lupton - for Water Service Corp. of Kentucky; Dimitry Neyzelman - for Water Service Corp. of Kentucky; Gary Shambaugh - for Water Service Corp. of Kentucky
 Clerk: Melinda Ernst; Sonya Harward

REPLACEMENT

Event Time	Log Event
9:53:10 AM	Session Started
9:53:12 AM	Session Paused
10:08:04 AM	Session Resumed
10:08:05 AM	[Sonya Harward - Clerk]
10:08:11 AM	Camera Lock Deactivated
10:08:13 AM	Chairman Armstrong Introductions and Preliminary Remarks Note: Harward, Sonya Also on the bench are Vice Chairman Gardner and Commissioner Breathitt.
10:08:40 AM	Atty. Todd Osterloh for Water Service Corporation of Kentucky
10:08:46 AM	Atty. Leanna Wilkerson for City of Clinton
10:08:52 AM	Atty. Sue Ellen Morris for Hickman County Fiscal Court
10:08:56 AM	Attys Greg Dutton, Jennifer Black Hans, and Angela Goad
10:09:07 AM	Atty. Ann Ramser for the Public Service Commission
10:09:18 AM	Public Notice has been given.
10:09:31 AM	Chariman Armstrong, Opened the floor for Public Comments
10:09:54 AM	Greg Pruitt - Public Comments Note: Harward, Sonya County Judge Executive of Hickman County
10:15:04 AM	Allen Poole - Public Comments Note: Harward, Sonya City Administrator for City of Clinton
10:16:22 AM	Public - Exhibit 01 Note: Harward, Sonya Letter dated April 8, 2014 to Kentucky Public Service Commission from R. Allen Poole
10:16:48 AM	Witness Dimitry Neyzelman takes the stand and is sworn in. Note: Harward, Sonya Financial Planning and Analysis Manager; Adopts the testimony of Lowell Yap (with a few changes).
10:17:43 AM	Atty. Osterloh Direct Exam. of Witness Neyzelman
10:18:20 AM	Witness Neyzelman - Changes to Mr. Yap's Testimony Note: Harward, Sonya 1-Mr. Yap no longer an employee. Note: Harward, Sonya 2- Yap Rebuttal Testimony, page 4, line 5, Dec. 13, 2013 should read Dec. 31, 2013. Note: Harward, Sonya 3-Yap Rebuttal Testimony, page 7, question related to PWA in CN 2014-00065...based on Commission's latest Order, company would like to include the PWA in this case.
10:21:36 AM	Atty. Dutton Cross Exam. of Witness Neyzelman
10:22:57 AM	Atty. Osterloh - Objection Note: Harward, Sonya Does not see the relavance to this line of questioning.
10:23:12 AM	Atty. Dutton's Response to Objection Note: Harward, Sonya This line of questioning is about who prepared this rate case.
10:23:25 AM	Chairman Armstrong Overruled Objection

10:24:17 AM	Atty. Osterloh - Objection Note: Harward, Sonya	The employment of Mr. Yap has nothing to do with this rate case.
10:24:44 AM	Chariman Armstrong Overruled Objection	
10:24:52 AM	Witness Neyzelman Responds per Chairman Armstrong's Request	
10:25:31 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Wants to know if Mr. Yap was fired or left the company on his own.
10:25:48 AM	Chariman Armstrong Overruled Objection and Instructs Witness to Respond	
10:25:56 AM	Witness Neyzelman's Responds Note: Harward, Sonya	Mr. Yap was fired on April 2, 2014.
10:26:45 AM	AG - Exhibit 01 Note: Harward, Sonya	Appendix A, Schedule LY-R1, Revenue Requirement Summary
10:28:29 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Asking if Witness has knowledge of Case Nos. 2010-00476 and 2008-00563.
10:28:52 AM	AG - Exhibit 02 Note: Harward, Sonya	Final Order in Case No. 2010-00476
10:29:36 AM	AG - Exhibit 03 Note: Harward, Sonya	Final Order in Case No. 2008-00563
10:30:24 AM	Commissioner Breathitt interjects a question. Note: Harward, Sonya	Asks if Mr. Nazelman's bio has been provided in this case.
10:31:58 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing page 5 of 2010-00476 Final Order, AG - Exhibit 02 to this Hearing.
10:32:55 AM	AG - Exhibit 04 Note: Harward, Sonya	Calculation of Salary and Benefits, Test Year 12/31/2012
10:33:26 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing AG - Exhibit 04 to this Hearing, footnote 1, asking about 3 percent raise for all employees
10:35:05 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing page 6 of the 2010-00476 Final Order, AG - Exhibit 02 to this Hearing.
10:36:02 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing page 7 of the 2010-00476 Final Order, AG - Exhibit 02 to this Hearing, paragraph starting with "The Commission..."
10:37:36 AM	AG - Exhibit 05 Note: Harward, Sonya	Response to Commission Staff's Second Information Request, Item 10, Case No. 2013-00237
10:39:23 AM	AG - Exhibit 06 Note: Harward, Sonya	Response to Commission Staff's Third Request for Information, Item 11, Case No. 2013-00237
10:41:55 AM	AG - Exhibit 07 Note: Harward, Sonya	Response to the Attorney General's Initial Request for Information, Item 1, Case No. 2013-00237
10:43:02 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing page 14 of the 2010-00476 Final Order, AG - Exhibit 02 to this Hearing.
10:48:21 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing page 13 of Case No. 2010-00476, AG - Exhibit 02 to this Hearing.
10:48:51 AM	Atty. Dutton to Witness Neyzelman Note: Harward, Sonya	Referencing Yap Rebuttal Testimony, page 6, lines 20-22.
10:50:14 AM	AG - Exhibit 08 Note: Harward, Sonya	Appendix A, Schedule LY-R1 Revised

10:51:19 AM AG - Exhibit 09
Note: Harward, Sonya Response to the Attorney General's Initial Request for Information, Item 24, Case No. 2013-00237

10:52:35 AM POST HEARING REQUEST by Att. Dutton
Note: Harward, Sonya Provide the current positions of Lisa Sparrow and John Stover.

10:53:48 AM AG - Exhibit 10
Note: Harward, Sonya Response to the Attorney General's Initial Request for Information, Item 22, Case No. 2013-00237

10:54:12 AM Atty. Dutton to Witness Neyzelman
Note: Harward, Sonya Questioning continuing about all of the positions Lisa Sparrow and John Stover hold with Water Service Corp. of Kentucky.

10:54:57 AM Atty. Dutton to Witness Neyzelman
Note: Harward, Sonya Referencing page 9 of CN 2010-00476 Final Order, AG - Exhibit 02 to this Hearing, at the line that begins, "Moreover...."

10:58:44 AM Atty. Dutton to Witness Neyzelman
Note: Harward, Sonya Referencing page 12 of Case No. 2010-00476, AG - Exhibit 02 to this Hearing.

11:00:23 AM Atty. Ramser Cross Exam. of Witness Neyzelman

11:06:25 AM PSC - Exhibit 01
Note: Harward, Sonya Various Workpapers filed by Water Service Corp. of Kentucky in CN 2013-00237: q-2; b; q-3; q; b-4; and b-3.

11:10:57 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya Provide the calculations which derived the percentages for the salary allocations on workpaper q-2, or cite where they have been provided previously.

11:11:49 AM Atty. Ramser to Witness Neyzelman
Note: Harward, Sonya Referencing PSC - Exhibit 1 to this Hearing, workpapers b and q-3.

11:16:17 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya Review the City of Clinton contracts to see why Water Service Corp. of Kentucky is not allocating any of the depreciation expense of Project Phoenix to the City of Clinton Sanitary Sewer.

11:17:29 AM Atty. Ramser to Witness Neyzelman
Note: Harward, Sonya Referencing PSC - Exhibit 01 to this Hearing, workpaper q.

11:17:52 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya Provide a detailed breakdown the \$5269 expense and identify where on the Water Service Corp.'s expense accounts the direct City of Clinton expenses are reported.

11:19:49 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya Provide detailed breakdown of the schedule on workpaper b-4, by employee position.

11:20:47 AM Atty. Ramser to Witness Neyzelman
Note: Harward, Sonya Asking about salaries being allocated to the City of Clinton's sewer operations.

11:23:35 AM Vice Chairman asked Witness Neyzelman for clarification of his answer.

11:24:52 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya If not already in the record...Utility will provide the computation of issue begin discussed.

11:25:33 AM Commissioner Breathitt injected a clarifying question.

11:28:09 AM Atty. Ramser to Witness Neyzelman
Note: Harward, Sonya Asking about allocations of costs of customer service to the City of Clinton.

11:29:59 AM POST HEARING DATA REQUEST by Atty. Ramser
Note: Harward, Sonya Provide the detailed breakdown of the \$4,851,000.

11:30:37 AM	PSC - Exhibit 02 Note: Harward, Sonya	Schedule B, page 1 of 2, Combined Operations Test Year 12/31/2012
11:32:24 AM	PSC - Exhibit 03 Note: Harward, Sonya	Addendum to Wastewater Privatization Contract Including Service Agreement
11:33:08 AM	Atty. Ramser to Witness Neyzelman Note: Harward, Sonya	Asking Witness to identify the clause that shows how Water Service Corp. of Kentucky calculates the fee that is billed to the City of Clinton.
11:35:32 AM	POST HEARING DATA REQUEST by Atty. Ramser Note: Harward, Sonya	Provide detailed breakdown of how the \$153,000 is calculated for Water Service Corporation of Kentucky.
11:36:32 AM	Atty. Ramser to Witness Neyzelman Note: Harward, Sonya	Asking about 15 percent profit margin in the City of Clinton Contract.
11:38:52 AM	Atty. Ramser to Witness Neyzelman Note: Harward, Sonya	Referencing PSC - Exhibit 01 to this Hearing, last two sheets.
11:41:20 AM	POST HEARING DATA REQUEST by Atty. Ramser Note: Harward, Sonya	Are the three employees listed on workpaper b-3 still employed?
11:42:26 AM	Vice Chairman Gardner to Atty. Osterloh Note: Harward, Sonya	Asking if qualifications of Witness Neyzelman have been provided.
11:43:03 AM	Vice Chairman Gardner Cross Exam. of Witness Neyzelman Note: Harward, Sonya	Begins by asking about previous testimony at Hearings, etc.
11:44:20 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Asking about Witness's supervisor, etc.
11:48:00 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Asking if Witness keeps detailed records of his time.
11:49:40 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Referencing AG - Exhibit 08 to this Hearing.
11:51:31 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Asking about changes to Mr.Yap's testimony made at the beginning of Witness's direct examination. They seemed minor, but then the AG asked questions about other information that is not currently accurate.
11:53:24 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Asking about Witness's knowledge of the Final Orders in Case Nos. 2008-00563 and 2010-00476, regarding the use of the customer count.
11:55:41 AM	Vice Chairman Gardner to Witness Neyzelman Note: Harward, Sonya	Asking about what is accurate and what is not accurate in the Yap Rebuttal Testimony.
11:59:36 AM	Chairman Armstrong Cross Exam. of Witness Neyzelman Note: Harward, Sonya	Asking Witness about his place of work, his having ever been to Clinton, and the operations personnel in Clinton.
12:02:11 PM	Commissioner Breathitt Cross Exam.of Witness Neyzelman	
12:03:42 PM	Commissioner Breathitt to Witness Neyzelman Note: Harward, Sonya	Asking how many different service company's Utilities, Inc. has in the 15 states where they provide service.
12:04:36 PM	Atty. Wilkerson Cross Exam. of Witness Neyzelman Note: Harward, Sonya	Asking about employees in Clinton.
12:05:52 PM	Atty. Wilkerson to Witness Neyzelman Note: Harward, Sonya	Referencing page 13 of PSC - Exhibit 03 to this Hearing.
12:06:26 PM	Atty. Osterloh Objection Note: Harward, Sonya	Legal document calls for a legal conclusion.
12:07:00 PM	Chairman Armstrong Overrules Objection	

12:07:48 PM Atty. Wilkerson to Witness Neyzelman
Note: Harward, Sonya Asking operational questions.

12:08:05 PM Atty. Morris Cross Exam. of Witness Neyzelman
Note: Harward, Sonya Asking what four positions are classified as maintenance positions.

12:09:07 PM Atty. Osterloh Re-Direct Exam. of Witness Neyzelman
Note: Harward, Sonya Referencing AG - Exhibit 04 to this Hearing.

12:10:23 PM Atty. Osterloh to Witness Neyzelman
Note: Harward, Sonya Asking who reviews expenses for Water Service Corp. of Kentucky.

12:11:00 PM Atty. Osterloh to Witness Neyzelman
Note: Harward, Sonya Asking clarifying questions about ERCs.

12:11:57 PM Atty. Osterloh to Witness Neyzelman
Note: Harward, Sonya Referencing PSC - Exhibit 03, page 16, and the previous page.

12:13:50 PM Atty. Wilkerson Objection
Note: Harward, Sonya Asking for interpretation of a legal document.

12:14:06 PM Atty. Osterloh to Chairman Armstrong
Note: Harward, Sonya Asks if he can get Witness's option.

12:14:19 PM Atty. Dutton Re-Cross. Exam of Witness Neyzelman

12:15:02 PM Atty. Dutton to Witness Neyzelman
Note: Harward, Sonya Suggests a change be made to Yap Rebuttal Testimony, page 2, line 13.

12:16:58 PM AG - Exhibit 11
Note: Harward, Sonya Appendix A, Schedule LY-R7

12:19:07 PM Atty. Ramser Re-Cross Exam. of Witness Neyzelman
Note: Harward, Sonya Referencing AG - Exhibit 04 to this Hearing.

12:20:06 PM Atty. Ramser to Witness Neyzelman
Note: Harward, Sonya Asking if the Clinton maintenance employees are employed by Water Service Corporation or Water Service Corporation of Kentucky.

12:22:22 PM Vice Chairman Re-Cross Exam. of Witness Neyzelman
Note: Harward, Sonya Asking about Witness's time allocation.

12:24:38 PM Atty. Morris Re-Cross Exam. to Witness Neyzelman
Note: Harward, Sonya Referencing PSC - Exhibit 01 to this Hearing.

12:25:16 PM Atty. Osterloh suggests the question be asked to Witness Haas

12:25:45 PM Atty. Osterloh Re-Direct Exam of Witness Neyzelman
Note: Harward, Sonya Referencing PSC - Exhibit 03 to this Hearing.

12:26:26 PM Chairman Armstrong asking about the Video Conference Testimony of Witness Lupton.
Note: Harward, Sonya Witness Lupton's testimony will start around 1:30pm.

12:27:09 PM Break for Lunch

12:28:11 PM Session Paused

1:33:19 PM Session Resumed

1:33:38 PM Video Conference Activated

1:33:41 PM Witness Helen Lupton is sworn in, Testimony via Video Conferencing
Note: Harward, Sonya Financial Planning and Analysis Manager

1:35:01 PM Atty. Osterloh Direct Exam. of Witness Lupton
Note: Harward, Sonya Accepts her testimony with change in job title and duties.

1:36:31 PM Atty. Dutton Cross Exam. of Witness Lupton

1:36:57 PM Atty. Dutton to Witness Lupton
Note: Harward, Sonya Asking about unreasonable or inappropriate expenses that were not allowed, therefore, not allocated to Water Service Corp. of Kentucky.

1:40:22 PM Atty. Ramser Cross Exam of Witness Lupton

1:40:43 PM Atty. Ramser to Witness Lupton
Note: Harward, Sonya Asking about the review process for expenses.

1:43:44 PM Atty. Ramser to Witness Lupton
Note: Harward, Sonya Asking about the authority of Atlantic and Midwest Regional Executives to reject any of the allocations of Water Service Corp. of Kentucky.

1:44:57 PM Commissioner Breathitt asks clarifying question of Witness Lupton

1:46:44 PM Atty. Ramser to Witness Lupton
Note: Harward, Sonya Asking about the distribution of expenses and the information system and it's calibration, etc.

1:47:31 PM Vice Chairman Gardner Cross Exam of Witness Lupton
Note: Harward, Sonya Referencing Witness's Rebuttal Testimony, lines 13, 14, and 15, regarding the reference to "another" water utility and its name.

1:48:45 PM Atty. Osterloh Re-Direct Exam of Witness Lupton

1:49:42 PM Witness Lupton is dismissed.

1:49:59 PM Video Conference Deactivated

1:50:25 PM Witness Gary Shambaugh takes the stand and is sworn in.
Note: Harward, Sonya Financial Consultant; Principal and Director of AUS Constulants; and Executive Vice President of AUS Consultants, Inc.

1:51:49 PM Atty. Osterloh Direct Exam of Witness Shambaugh
Note: Harward, Sonya Witness adopts his previous testimony as still accurate.

1:52:16 PM Atty. Dutton Cross Exam of Witness Shambaugh

1:52:38 PM AG - Exhibit 12
Note: Harward, Sonya Response to the Attorney General's Initial Response for Information, Item 81, in Case No. 2013-00237

1:55:21 PM AG - Exhibit 13
Note: Harward, Sonya Exhibit C of the Shambaugh Direct Testimony

1:56:44 PM AG - Exhibit 14
Note: Harward, Sonya 26000 Muhlenburg County Water District #3 01/01/2001 - 12/31/2011, Water Operating Revenue (Ref Page: 27), pages 48-49

1:58:21 PM Atty. Osterloh Interjection
Note: Harward, Sonya Notes that two different utilities are being referenced, Muhlenberg Co. WD vs. Muhlenberg Co. WD #3.

1:58:40 PM Atty. Dutton to Witness Shambaugh
Note: Harward, Sonya Continues questioning about analysis on AG - Exhibit 13 to this Hearing.

2:02:51 PM AG - Exhibit 15
Note: Harward, Sonya Exhibit D of the Shambaugh Direct Testimony

2:05:57 PM Atty. Dutton to Witness Shambaugh
Note: Harward, Sonya Asking if Witness reviewed the annual reports and who provided the number of customers to use.

2:06:36 PM Atty. Ramser Cross Exam to Witness Shambaugh
Note: Harward, Sonya Referencing an AG Exhibit to this Hearing.

2:08:06 PM Atty. Ramser to Witness Shambaugh
Note: Harward, Sonya Asking about familiarity with the Bureau of Labor and Statistics in regards to wage and salary information.

2:10:25 PM Atty. Ramser to Witness Shambaugh
Note: Harward, Sonya Asking about salary being one of the largest expenses of the operating expenses.

2:14:38 PM Atty. Ramser to Witness Shambaugh
Note: Harward, Sonya Asking if Witness is aware that with some of the utilities the Legal and Engineerring expenses would be capitalized rather than expensed.

2:15:23 PM Atty. Ramser to Witness Shambaugh (check time)
Note: Harward, Sonya Asking if Witness compared certain aspects of each utility in the group.

2:17:21 PM Witness Shambaugh is dismissed.

2:17:32 PM Witness Patrick Baryenbruch takes the stand and is sworn in.
Note: Harward, Sonya President of Baryenbruch & Company, LLC

2:18:41 PM Atty. Osterloh Direct Exam of Witness Baryenbruch
Note: Harward, Sonya Accepts his testimony with corrections.
Note: Harward, Sonya 1-Direct Testimony, page 3, at very bottom, change the word "study" to "review".
Note: Harward, Sonya 2-Rebuttal Testimony, page 2, the words "Draft Discussion Only" need to be removed.
Note: Harward, Sonya 3-Rebuttal Testimony, page 13, starting on line 13, numbering is off, should be 1, 2, 3, 4, 5.

2:20:34 PM Atty. Dutton Cross Exam of Witness Baryenbruch
Note: Harward, Sonya Referencening AG - Exhibits 2 and 3 to this Hearing, regarding Project Phoenix

2:27:17 PM AG - Exhibit 16
Note: Harward, Sonya Response to Commission Staff's Second Information Request, Item 20, Case No. 2013-00237

2:28:40 PM Atty. Dutton to Witness Baryenbruch
Note: Harward, Sonya Referencing Baryenbruch Rebuttal Testimony, page 16, lines 3-5.

2:34:15 PM Atty. Dutton to Witness Baryenbruch
Note: Harward, Sonya Asking If Witness considers himself an IT expert.

2:38:46 PM Atty. Dutton to Witness Baryenbruch
Note: Harward, Sonya Referencing Baryenbruch Rebuttal Testimony, page 5, lines 11-20.

2:42:36 PM Atty. Dutton to Witness Baryenbruch
Note: Harward, Sonya Referencing Baryenbruch Rebuttal Testimony, page 13.

2:46:49 PM Break

2:46:51 PM [Changing Clerks]

2:47:00 PM Session Paused

3:00:33 PM Session Resumed

3:00:58 PM Session Note Entry
Note: Harward, Sonya Clerk is now Melinda Ernst

3:01:32 PM PSC - Exhibit 04
Note: Harward, Sonya Case No. 2012-00520, page 12 of the Final Order.

3:02:37 PM Session Note Entry
Note: Harward, Sonya Atty. Ramser questioned Witness Baryenbruch regarding the different systems that were evaluated for comparison of cost and applicability to WSKY's current system.

3:09:21 PM Atty. Ramser to Witness Baryenbruch
Note: Harward, Sonya Witness Baryenbruch was questioned regarding the Steering Committee referenced in his rebuttal testimony. The steering committee represented the interests of employees of WSKY.

3:13:40 PM Vice Chairman Gardner
Note: Harward, Sonya Questioned Witness Baryenbruch regarding his memberships in other Project Management teams/organizations. He is currently working from home on project management.

3:16:13 PM Atty. Wilkerson to Witness Baryenbruch
Note: Harward, Sonya Questioned witness regarding assessment of Project Phoenix, which was not included in the audit(s) of WSKY. Witness Baryenbruch testified that the project has performed exceptionally. Atty. Wilkerson further questioned the witness about how Project Phoenix benefits rate payers, including her father.

3:20:26 PM	Witness Baryenbruch Note: Harward, Sonya	Testified that a cost analysis was performed. He further explained that the customer system control over calls is much tighter at the call centers, work orders are now carried out much more effectively and their status can be tracked and managed more effectively, a reduction in the billing numbers as well as the processing and security of information.
3:25:03 PM	Atty. Wilkerson to Witness Baryenbruch Note: Harward, Sonya	Questioned whether Project Phoenix is currently being used in Clinton. She also asked about a specific issue and how it would be solved.
3:27:35 PM	Atty. Morris to Witness Baryenbruch Note: Harward, Sonya	Questioned whether Project Phoenix has been fully implemented. Atty. Morris further questioned the witness regarding upgrades and changes to the Project Phoenix system.
3:34:18 PM	Atty. Osterloh to Witness Baryenbruch Note: Harward, Sonya	Questioned witness on redirect regarding the systems used by WSKY prior to adoption of Project Phoenix and the costs associated with the project.
3:37:35 PM	Witness Baryenbruch Note: Harward, Sonya	Witness is dismissed.
3:38:10 PM	Witness Bruce T. Haas Note: Harward, Sonya	Representing WSKY. Witness was sworn and voiced two changes to his testimony regarding his title and number of customers.
3:39:27 PM	Atty. Dutton to Witness Haas Note: Harward, Sonya	Questioned witness regarding his current working location and duties. Witness is a senior officer in the regional office. Atty. Dutton introduced AG Exhibit 17, Case No. 2013-00237 and AG Exhibit 18, Case No. 2012-00133
3:44:47 PM	AG - Exhibit 17 Note: Harward, Sonya	WSKY, Responses to the OAG's Initial Request for Information, Question 30
3:48:11 PM	AG - Exhibit 18 Note: Harward, Sonya	Case No. 2012-00133, Final Order
3:48:39 PM	Atty. Morris to Witness Haas Note: Harward, Sonya	Questioned witness about a budget line item regarding a salary of approximately \$74,000 for maintenance 4 on PSC - Exhibit 01. Atty. Morris questioned why the salary was so high.
3:53:39 PM	Witness Haas to Atty. Morris Note: Harward, Sonya	Stated the maintenance position to which she was referring is a regional manager's position and covers both Clinton and Middlesboro operations.
3:54:54 PM	Atty. Wilkerson to Witness Haas Note: Harward, Sonya	Questioned the witness regarding payment of employees of WSKY.
3:55:11 PM	Atty. Ramser to Witness Haas Note: Harward, Sonya	Questioned witness regarding the home locations of specific employees .
4:08:07 PM	Session Paused	
4:10:30 PM	Session Resumed	
4:10:43 PM	Atty. Ramser to Witness Haas Note: Harward, Sonya	Questioned witness regarding the salary list. AG - Exhibit 01 and the total salary and benefits of employees.
4:20:00 PM	Witness Haas Note: Harward, Sonya	Dismissed by the Chairman.

4:20:29 PM	Witness Steven Lubertozi Note: Harward, Sonya	Called and sworn in by Chairman Armstrong.
4:21:12 PM	Atty. Dutton to Witness Lubertozi Note: Harward, Sonya	Questioned the witness regarding the number of customers in Middlesboro and how many complaints had been received regarding this case.
4:22:03 PM	AG - Exhibit 19 Note: Harward, Sonya	Letter from Mayor of the City of Middlesborough.
4:23:20 PM	POST HEARING DATA REQUEST by Atty. Ramser Note: Harward, Sonya	Updated organizational chart for Utilities, Inc.
4:24:24 PM	PSC - Exhibit 05 Note: Harward, Sonya	Employee salary calculations
4:27:31 PM	Atty. Ramser Note: Harward, Sonya	Questioned witness regarding salary calculations and if the PSC could obtain an updated organizational outline. She further questioned the witness regarding whether facilities were added in 2012-2013.
4:30:05 PM	Witness Lubertozi Note: Harward, Sonya	Testified that WSKY has completed one million in upgrades and renovations.
4:30:53 PM	Vice Chairman Gardner to Witness Lubertozi Note: Harward, Sonya	Questioned witness regarding his current duties and titles and whether he received a raise at the time of the reorganization. Further questioned the witness regarding PSC - Exhibit 05 and the similarity of categories outlined on the salary calculations.
4:35:13 PM	Commissioner Breathitt to Witness Lubertozi Note: Harward, Sonya	Questioned witness regarding the total number of customers for Utilities, Inc. and the salary calculations included in PSC - Exhibit 05.
4:39:44 PM	Vice Chairman Gardner to Witness Lubertozi Note: Harward, Sonya	Further questioned witness regarding the salary calculations in PSC - Exhibit 05.
4:40:59 PM	Commissioner Breathitt to Witness Lubertozi Note: Harward, Sonya	Questioned about PSC - Exhibit 05.
4:42:11 PM	Atty. Ramser to Witness Lubertozi Note: Harward, Sonya	Questioned witness whether salaries will be reallocated to specific companies within Utilities, Inc. following the reorganization.
4:43:32 PM	Atty. Dutton to Witness Lubertozi Note: Harward, Sonya	Questioned witness regarding PSC - Exhibit 02 regarding net income of WSKY.
4:46:25 PM	Vice Chairman Gardner Note: Harward, Sonya	Questioned witness regarding the employee who receives \$73,000. He just receives this amount in salary not including taxes or benefits.
4:47:42 PM	Atty. Osterloh to Witness Lubertozi Note: Harward, Sonya	Questioned the witness on stock returns that WSKY receives.
4:50:00 PM	Atty. Dutton Note: Harward, Sonya	Moved to have all exhibits placed in the record. Chairman Armstrong so moved.
4:50:06 PM	Witness Lubertozi Note: Harward, Sonya	Dismissed by Chairman.
4:50:27 PM	Witness Andrea C. Crane Note: Harward, Sonya	Took the oath and was sworn in by Chairman Armstrong.

4:51:06 PM	AG - Exhibit 20 Note: Harward, Sonya	Updates to Schedules of Witness Crane's Testimony. Included are the following Schedules from Appendix B: ACC-1, ACC-2, ACC-3, ACC-4, ACC-5, ACC-6, ACC-7, ACC-8, ACC-9, ACC-10, ACC-11, ACC-12, ACC-13, and ACC-14.
4:51:52 PM	Atty. Dutton to Witness Crane Note: Harward, Sonya	Questioned the witness regarding approval of her testimony. Witness advised of two corrections to her testimony. She then discussed the updates provided.
4:58:46 PM	Atty. Osterloh to Witness Crane Note: Harward, Sonya	Questioned the witness regarding who charged her with this case and what she has analyzed and concluded. Further questioned the services a water utility provides to its customers and the resources used to provide those services. Witness was questioned regarding the agreement of WSKY with the city of Clinton.
5:07:27 PM	WSKY - Exhibit 01 Note: Harward, Sonya	Addendum to Wastewater Privatization Contract including Service Agreement
5:08:23 PM	Atty. Osterloh to Witness Crane Note: Harward, Sonya	Questioned witness regarding WSKY - Exhibit 01 and the type of information she relied upon to analyze information provided for WSKY.
5:17:07 PM	Witness Crane Note: Harward, Sonya	Testified WSKY and Utilities, Inc. is partially to blame for difficulties in review and decision-making on this case.
5:24:15 PM	Session Paused	
5:44:46 PM	Session Resumed	
5:45:02 PM	WSKY - Withdrawn Document Note: Harward, Sonya	Initial discussed as WSKY - Exhibit 02, but was withdrawn by Atty. Osterloh.
5:47:22 PM	Camera Lock Deactivated	
5:47:29 PM	Private Recording Activated	
6:03:31 PM	Public Recording Activated	
6:03:36 PM	Session Ended	



Exhibit List Report

2013-00237_09April2014

Water Service Corp. of Kentucky

Judge: David Armstrong; Linda Breathitt; Jim Gardner

Witness: Patrick Baryenbruch - for Water Service Corp. of Kentucky; Bruce Haas - for Water Service Corp. of Kentucky; Andrea Crane - for the Attorney General; Steven Lubertozzi - for Water Service Corp. of Kentucky; Helen Lupton - for Water Service Corp. of Kentucky; Dimitry Neyzelman - for Water Service Corp. of Kentucky; Gary Shambaugh - for Water Service Corp. of Kentucky

Clerk: Melinda Ernst; Sonya Harward

REPLACEMENT

Name:	Description:
AG - Exhibit 01	Appendix A, Schedule LY-R1, Revenue Requirement Summary
AG - Exhibit 02	Final Order in Case No. 2010-00476
AG - Exhibit 03	Final Order in Case No. 2008-00563
AG - Exhibit 04	Calculation of Salary and Benefits, Test Year 12/31/2012
AG - Exhibit 05	Response to Commission Staff's Second Information Request, Item 10, Case No. 2013-00237
AG - Exhibit 06	Response to Commission Staff's Third Request for Information, Item 11, Case No. 2013-00237
AG - Exhibit 07	Response to the Attorney General's Initial Request for Information, Item 1, Case No. 2013-00237
AG - Exhibit 08	Appendix A, Schedule LY-R1 Revised
AG - Exhibit 09	Response to the Attorney General's Initial Request for Information, Item 24, Case No. 2013-00237
AG - Exhibit 10	Response to the Attorney General's Initial Request for Information, Item 22, Case No. 2013-00237
AG - Exhibit 11	Appendix A, Schedule LY-R7
AG - Exhibit 12	Response to the Attorney General's Initial Response for Information, Item 81, in Case No. 2013-00237
AG - Exhibit 13	Exhibit C of the Shambaugh Direct Testimony
AG - Exhibit 14	26000 Muhlenburg County Water District #3 01/01/2001 - 12/31/2011, Water Operating Revenue (Ref Page: 27), pages 48-49
AG - Exhibit 15	Exhibit D of the Shambaugh Direct Testimony
AG - Exhibit 16	Response to Commission Staff's Second Information Request, Item 20, Case No. 2013-00237
AG - Exhibit 17	WSKY's Responses to the Attorney General's Initial Request for Information, Item 30, Case No. 2013-00237.
AG - Exhibit 18	Case No. 2012-00133, Final Order, dated Aug. 13, 2012.
AG - Exhibit 19	Letter from Mayor of the City of Middlesborough, William Kelley, to the Kentucky Public Service Commission, dated 3/4/14.
AG - Exhibit 20	Updates to Schedules of Witness Crane's Testimony. Included are the following Schedules from Appendix B: ACC-1, ACC-2, ACC-3, ACC-4, ACC-5, ACC-6, ACC-7, ACC-8, ACC-9, ACC-10, ACC-11, ACC-12, ACC-13, and ACC-14.
PSC - Exhibit 01	Various Workpapers filed by Water Service Corp. of Kentucky in CN 2013-00237: q-2; b; q-3; q; b-4; and b-3.
PSC - Exhibit 02	Schedule B, page 1 of 2, Combined Operations Test Year 12/31/2012
PSC - Exhibit 03	Addendum to Wastewater Privatization Contract Including Service Agreement
PSC - Exhibit 04	Case No. 2012-00520, page 12 of the Final Order.

PSC - Exhibit 05	Employee salary calculation, taken from page 3 of Steven Lubertozi Rebuttal Testimony.
Public - Exhibit 01	Letter dated April 8, 2014 to Kentucky Public Service Commission from R. Allen Poole
WSKY - Exhibit 01	Addendum to Wastewater Privatization Contract Including Service Agreement
WSKY - Exhibit 02 - CONFIDENTIAL	Utilities, Inc. Finance Operations Assessment, Business Case, September 15, 2006
WSKY - Exhibit 03 - CONFIDENTIAL	Utilities, Inc. Financial, Customer Information System and Business Intelligence Vendor Evaluation, September 26, 2006
WSKY - Withdrawn Document	